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Division of Marketing and Marketing Agreements

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Encouraging New Uses for Farm Products

New uses and new outlets for agricultural staples are being encouraged under programs designed to divert price-depressing supplies from normal channels of trade, the Marketing Section of the Division of Marketing and Marketing Agreements reports. Major programs in operation involve cotton, Northwest wheat flour, fire-cured and dark air-cured types of tobacco, peanuts, sweet potatoes, and white potatoes.

The cotton diversion program seeks to find new uses for cotton in the construction of roads, and for numerous miscellaneous uses including airport runways, reinforcing ditches and canals, and for covering cotton bales. Nearly 9,000 bales of cotton are being utilized for these purposes.

Diversion programs for wheat seek to facilitate exports to the Philippines, while programs for tobacco seek to encourage exports and utilization of surplus supplies in byproduct channels. Peanuts are being diverted into peanut oil and byproducts to encourage domestic consumption of surplus stocks. Programs for sweet and white potatoes are designed to divert price-depressing surpluses into starches, flour, and live-stock feeding channels.

Cotton for Roads

For the purpose of testing the practicability of reinforcing secondary roads with cotton fabric, nearly 6,166,800 square yards of cotton fabric, sufficient for 578 miles of road 18 feet wide, were supplied during the last fiscal year without cost to the highway departments of 24 States. This fabric was for use as a reinforcement membrane for bituminous surface-treated highways.

It is estimated that 4,059 bales of cotton were required for the manufacture of the open mesh cotton fabric used.

Roads have been constructed by the States, and their durability for the next few years will determine whether or not this field of use offers an important new outlet for cotton. The advisability of testing the use of cotton in highway construction is indicated by the large proportion of secondary roads requiring surfacing, but not having a sufficient volume of traffic to warrant the expense of paving with concrete.

The fabric supplied the States has been used both in the construction of new roads and in resurfacing old roads. In a few instances it has been used in surfacing bridges and in covering the shoulders of roads.

To demonstrate the practicability of cotton mats for curing concrete roads, over 89,500 cotton mats were supplied

without cost to highway departments of 23 States. It is estimated that over 4,100 bales of raw cotton were required for the manufacture of the mats.

The mats were supplied to the State highway departments for experimental purposes on condition that they be used for curing concrete roads and that records be kept to determine the life of

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Hearings Held on Questions Raised By Texas Citrus Handlers on Pact

Hearings on petitions of handlers who question regulations issued under the marketing agreements and order governing out-of-state shipments of Texas citrus fruit, began February 11, at Weslaco, Tex.

The petitions, filed by about a dozen handlers with the Secretary of Agriculture, allege that allotments governing the quantity of fruit each may ship under the regulatory program are discriminatory. The hearings are for the purpose of providing the petitioning handlers with an opportunity for presenting testimony and evidence in support of their allegations.

The marketing agreement and order regulate the handling of grapefruit and oranges grown in Cameron, Hidalgo, and Willacy counties of Texas. It became effective July 13, 1937. The agreement was signed by handlers representing more than 60 percent of the volume of fruit in the area, and the order was issued after determination that it was favored by more than two-thirds of the producers. The program provides for regulation of shipments of citrus fruits from the area so that supplies may be adjusted more nearly in keeping with market requirements.

Administration of the program is in the hands of a growers' industry committee and a shippers' marketing committee who have authority to recommend to the Secretary of Agriculture the regulation of shipments on the basis of volume or by grades and sizes as a means of improving marketing conditions and returns to growers.

HIGHER COURT UPHOLDS DISTRICT MILK ORDER

Court of Appeals Reverses Decision of Lower Court; Denies Right of Producers to Sue

A lower court decision which forced suspension of an order regulating the handling of milk in the District of Columbia area early in 1937 has been reversed by the United States Court of Appeals.

The Court of Appeals held that the producers who initiated suits to enjoin operations under the order had no standing in the courts for the purpose of pleading "on behalf of others who are or may be directly affected by the act and order."

Handlers subject to regulation under the order, the court said, "are not parties to these suits, nor are they complaining so far as the record shows, of any wrong or injury, suffered or threatened. It is well settled that the courts will hear objections to the constitutionality of laws only from those who are

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Public Hearing Scheduled March 3 On Arkansas Grape Marketing Plan

A public hearing on a proposed marketing agreement and order, providing for a program developed by producers and handlers of three Arkansas counties to improve selling conditions for their grapes, will be held March 3 at Fayetteville, Ark.

The hearing was called at the request of growers and handlers in Washington, Benton, and Madison Counties which comprise the area covered by the proposed agreement and order.

Major provisions of the proposed agreement and order are: (1) Administration of the program through a control committee of 10, representing growers and handlers; (2) regulation of shipments by volume and by grades; and (3) price filing and posting by handlers when necessary to prevent demoralized selling conditions.

Approximately three-fourths of the grapes produced in Arkansas are grown in the three counties included in the proposed marketing agreement program. The bulk of grapes produced in this area is shipped to markets in the North Central and South Central States.



F. R. WILCOX, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Adjustment Act and related Acts

UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

NATHAN KOENIG • *Editor* • BETTER MARKETING

NEW USES FOR PRODUCTS

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the mats, curing costs, and other pertinent facts. These mats have been used extensively in curing pavement by the State highway departments themselves or by contractors to whom they were loaned. In Texas, for example, 136 miles of concrete have been cured by the use of these mats. The mats appear to be giving satisfaction and the American Association of State Highway Officials has under consideration specifications for the construction of mats for this purpose. The experimental results show that concrete cured by the use of mats has a high compressive strength.

Other Uses for Cotton

In order to encourage and develop additional new uses for cotton, a program was put into operation last year providing for the purchase and distribution of cotton and cotton products for donation to various governmental and nonprofit agencies and educational institutions for experimental and exploratory purposes. This program covers numerous uses which though small individually may be very important collectively. Approximately 514,000 square yards of fabric, equivalent to over 500 bales of raw cotton, were supplied to cooperating agencies for 17 different purposes in various States throughout the country.

The use of cotton fabric for constructing the bituminous surfaced asphalt runways, applying the same engineering principle that is involved in road construction, was specified for the construction of the runways at Riley Field, Fort McClellan, Ala. In order to permit this undertaking to be carried out, 10,000 yards of 74-inch fabric were recently supplied by the Agricultural Adjustment Administration. According to latest information, work on the soil base is still in progress and the surfacing has not been started. The Bureau of Air Commerce, Department of Commerce, is considering the use of cotton fabric in the construction of airport runways.

Cotton fabric is also being utilized as a membrane to reinforce asphalt or other bituminous materials in the lining of irrigation canals and ditches. In certain parts of the country, where rainfall is intermittent and likely to be in a deluge when it occurs, deep ditches requiring

lining are necessary. Linings are also frequently needed for irrigation canals and major run-off ditches. The cotton fabric is used to hold the bituminous material in place and to prevent cracking and raveling.

The Bureau of Agricultural Engineering was supplied 10,000 linear yards for lining an irrigation canal near Grace and Soda Springs, Idaho. The Soil Conservation Service was supplied 4,500 linear yards for lining terrace outlet ditches near Santa Paula, Calif., 1,000 linear yards for lining ditches near Conway, Ark., and 2,000 linear yards for lining terrace outlet ditches near Albuquerque, N. Mex.

Last fall, public institutions, such as prison farms and experiment stations, were supplied with sufficient material to cover a total of 16,000 bales of cotton and a number of cotton mills have agreed to add 7½ pounds to the gross weight of cotton covered bales in order to offset the lighter tare weight of such bales. A recent investigation showed that the cotton bale covering was giving satisfaction.

Flour Exports

In order to facilitate the movement of flour made of Pacific Northwest wheat to the Philippines, a program has been in operation under which exporters were enabled to sell in competition with flour from other countries by the payment of indemnities to exporters for losses sustained. Under this program sales of nearly 175,400 barrels of flour (equivalent in wheat to 823,125 bushels) were made during the period from January 1 to June 30, 1937. The average indemnity rate paid during that period was 32.1 cents per barrel.

Sales of over 195,400 barrels of flour (equivalent in wheat to 869,660 bushels) were made from June 30, 1937, to February 1. The average indemnity rate for this period was 15.7 cents per barrel.

Tobacco Outlets

The tobacco export program seeks to encourage exports of fire-cured and dark air-cured tobaccos by the payment of indemnities for losses incurred. No indemnities were paid in the 1936 programs as applications for the export of 7,237,600 pounds of tobacco were canceled since the tobacco was not exported within the time limitation of the program. Under the 1937 program, applications have been received to February 1, for the exportation of 3,869,600 pounds of tobacco, involving an indemnity payment of about \$69,400. Exportation compliance under this program has been extended to June 15, 1938, at the request of grower organizations.

In order to relieve the surplus of fire-cured and dark air-cured tobaccos a program was instituted for diversion of surpluses in tobacco byproducts. During the calendar year 1937, a total of 5,141,194 pounds of loose-leaf and 12,823,275 pounds of prized tobacco were diverted to nicotine at a total obligation of around \$1,716,700.

In order to encourage the domestic consumption of peanuts, a program was instituted for the diversion of farmers' stock peanuts into oil and peanut byproducts. During the fiscal year 1935-36,

Potato Purchases Divert Surplus Supplies, Help Market Conditions

Over 3,500,000 bushels of surplus potatoes grown in 1937 have been removed from normal channels of trade and diverted to relief uses in connection with programs designed to improve marketing conditions for growers.

Included in the total are over 3,400,000 bushels of potatoes bought by the Federal Surplus Commodities Corporation for distribution to the States for use of the needy and unemployed. The remaining quantity was diverted to potato starch and flour for relief use. The expenditures for the potatoes is estimated at approximately \$1,400,000.

Relief purchases of 1937 crop potatoes started last June. Buying operations are still under way in the late producing areas where storage supplies are held.

The 1937 crop of potatoes was over 59,000,000 bushels greater than the crop in 1936, and 19,000,000 bushels above the 1928-32 average production. Increased production was largely due to higher yields. The big crop was accompanied by low prices to growers from the very outset.

Purchases of surplus potatoes in terms of bushels are as follows by

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6,644,089 pounds of peanuts were diverted into oil. Payments to peanut growers and to peanut crushers for such diversion totaled approximately \$105,700.

Peanuts to Oil

A similar program has been instituted for the fiscal year 1937-38. Four peanut cooperative associations have been organized by growers in this program and diversion of peanuts into oil is now under way.

A program for the fiscal year 1938 to divert sweet potatoes into starch in an attempt to avoid glutted markets and develop byproduct outlets, was approved last October. To February 1, over 58,600 bushels of potatoes were diverted into starch, with payments estimated at \$7,950.

Use Surplus Potatoes

A program to divert into livestock feed surplus potatoes of U. S. No. 2 grade or better, was put into effect this winter. Applications received through February 4, total approximately 10,000,000 bushels with payments estimated at about \$1,500,000 if the diversions are made.

The consumption of potatoes in the form of starch and flour is being encouraged through payments to manufacturers for diverting potatoes into starch and flour to be sold by them in commercial channels. The program provides for payments to the diverter of 40 cents per barrel, or 24 cents per hundredweight on potatoes which, at least, meet minimum requirements of U. S. No. 2 grade, except that a mixture of varieties is permitted and that such potatoes must not be less than 1½ inches in diameter. Up to February 1, authorizations were issued for diverting into starch of 371,000 barrels of surplus white potatoes.

FLORIDA CITRUS INDUSTRY FAILS TO AGREE ON PLAN

Evidence and Testimony at Hearing On Proposed Marketing Agreement Shows Differences of Opinion

After careful review of the evidence and testimony furnished by the Florida citrus industry at the recent public hearing on the proposed marketing agreement for the remainder of this season, the Agricultural Adjustment Administration has concluded that it is unable to submit the proposed agreement to the industry for signature.

The evidence and testimony in the record of the hearing held at Lakeland, Fla., January 17 and 18, reveals wide differences of opinion among representatives of growers and shippers as to the merits of the important provisions of the proposed agreement. This situation exists despite the fact that the hearing on the proposal to regulate out-of-State shipments was requested by handlers who represented approximately 70 percent of the fruit moved out of the State last season.

Important Issues Raised

Many of the issues raised by growers and handlers at the hearing are of such fundamental importance that satisfactory understanding of them by the industry is essential before a marketing agreement program can be developed to operate in keeping with the objectives of the Marketing Agreement Act. Conditions in the Florida citrus industry as shown by the record of the hearing raise serious doubts as to whether the program as considered at the hearing would really benefit growers during the rest of the current season. These doubts cause grave concern when viewed in the light of expressions from substantial groups of handlers who said they were willing "to go along" with the agreement, at the same time saying its provisions are faulty.

It is evident that in the development of a marketing agreement program, the industry will need to examine its problems from a long-time standpoint and establish the necessary requirements of a program if desired objectives are to be achieved.

Cooperation Pledged

The attempts made this year should indicate the basis on which additional work may be done in developing a marketing agreement program which will more nearly fit the needs and merit the support of a large majority of the growers and handlers. The Agricultural Adjustment Administration stands ready to work with the Florida citrus industry in considering the questions which are involved in the development of a marketing program, including the conduct of such studies of the problem as may be necessary.

In the meantime, it is expected that the program of purchasing surplus oranges for relief will be of immediate assistance to growers this season. Operations under this program are now under way and substantial deliveries of oranges to the Federal Surplus Com-

Hearing Scheduled on Marketing Agreement for California Fruit

A public hearing on a proposed marketing agreement program for fresh pears, plums, and Elberta peaches produced in California, will be held February 21, at Sacramento, Calif.

The proposal, provided for in an agreement and order, would terminate June 1, 1943, and would replace the present marketing agreement program which terminates April 1, 1938.

The proposed agreement and order, in general, is similar to the agreement and order now in effect. Its major provisions would govern:

(1) Establishment of a control committee of growers and shippers authorized to function as a general, overhead administrative body; (2) establishment of a commodity committee for each fruit, consisting of 7 growers of that fruit; (3) limitation of shipments of fruit by grades and sizes; (4) prohibition of unfair trade practices in the marketing of Elberta peaches; (5) establishment of a surplus reserve pool for fall and winter pears; and (6) provisions for financing operations of the program.

Marketing Agreement Proposal for Bees Receives Tentative Approval

A proposed marketing agreement designed to stabilize selling conditions and encourage fair competition among handlers of package honey bees, comb packages, and queen bees produced in the United States, has been tentatively approved and sent to handlers for signature.

The proposed marketing-agreement program would require handlers of bees and queens to file with the control committee administering the program the prices at which they offer bees, comb packages, and queens for sale and to sell at the prices which they file. It would also prohibit certain unfair methods of competition and unfair trade practices.

The program under an agreement and order would replace a marketing-agreement program in effect since May 1934. The tentative approved marketing-agreement program was considered at a public hearing held December 6, in New Orleans, La., at the request of the industry.

modities Corporation have already been made. The purpose of this measure is to remove a portion of this season's surplus supply in order to assist in improving prices paid growers for oranges sold in commercial channels.

The proposed agreement was developed by growers and shippers through a series of conferences, the last of which was held at Lakeland December 10, when the industry voted to submit the proposal to the Agricultural Adjustment Administration with a request that it be considered at a public hearing.

As submitted for hearing by the industry, the agreement provided for its own expiration at midnight, June 30, 1938, unless sooner terminated by the Secretary of Agriculture or through industry action.

MODIFIED PROGRAM FOR BUYING APPLES URGED

Growers Recommend Continuance of Surplus Purchases to Improve Marketing Conditions

A modified program for continuing buying of surplus apples for relief distribution to help growers market the balance of their 1937 crop now in storage, was recommended by representatives of commercial producing States meeting with officials of the Agricultural Adjustment Administration and the Federal Surplus Commodities Corporation.

The conference, held in Washington, February 11 and 12, was attended by chairmen of State apple-purchase committees representing growers. The group recommended that purchases of surplus apples, which started last fall, be continued on the same basis until March 1 to assist growers in marketing certain varieties which lack keeping qualities. After March 1, it was recommended purchases of apples should be confined to certain hard varieties in order to obtain for growers the most beneficial effect on the market in general.

Buying of surplus apples to assist growers in improving marketing conditions for their large crop started last fall. Since then the Federal Surplus Commodities Corporation has bought over 3,300,000 bushels of apples in the various producing areas of the country. In addition, over 1,600,000 bushels of apples have been diverted from the normal channels of trade for drying purposes. Apples bought by the Corporation are being distributed through the States for relief use.

Representatives of growers at the conference recommended that of the quantity to be bought after that date at least 75 percent should be U. S. No. 1 grade and the balance a lower grade as may be recommended by the State committee.

POTATO PURCHASES

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States through February 4: Alabama, 26,443; California, 140,000; Colorado, 148,537; Idaho, 996,164; Kansas, 14,152; Maine, 16,667; Maryland, 37,563; Michigan, 9,633; Minnesota, 69,233; Montana, 51,992; Nebraska, 123,596; New Jersey, 164,500; New York, 79,657; North Carolina, 672,051; North Dakota, 146,683; Oklahoma, 26,420; Oregon, 32,400; Pennsylvania, 3,136; Utah, 22,735; Virginia, 619,916; Wisconsin, 3,600; and Wyoming, 16,800.

In addition potato flour obtained in Idaho totaled 280,280 pounds, equivalent to 23,357 bushels of potatoes. Flour obtained in Michigan totaled 60,000 pounds, equal to 6,000 bushels of potatoes. In Maine, 240,000 pounds of potato starch were obtained, equivalent to 33,000 bushels of potatoes. A total of 172,000 pounds of potato starch was obtained in Minnesota, equal to 23,650 bushels of potatoes.

Advisable Shade Tobacco Acreage for 1938 Set Under Market Pact

The advisable acreage of Connecticut Valley shade tobacco, U. S. Type 61 (a), to be grown in 1938 for sale under the provisions of a marketing-agreement program for handlers of that tobacco has been set at 7,300 acres, an increase of 5 percent over that harvested last year.

Announcement of the advisable acreage was made under the terms of the marketing agreement between the Secretary of Agriculture and Connecticut and Massachusetts handlers of this type of tobacco. The agreement, which has been in effect since December 9, 1933, directs the Secretary to announce each year the acreage which will tend to maintain a balance between supply and consumption. The increase carries out a recommendation made December 10 at a meeting of growers, handlers, and processors.

Under the marketing program, handlers agree to confine interstate and foreign movement of Type 61 (a) tobacco to tobacco grown within the advisable acreage. The agreement also provides for a committee of growers which allots each producer his equitable share of the total advisable acreage.

The probable production from the advisable acreage is expected to be slightly higher than estimated consumption for the year.

MILK ORDER UPHELD

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themselves affected by its alleged unconstitutionality, and the efforts of litigants to plead the rights of others who are claimed to be so affected have been uniformly rejected * * *.

The Court added that the producers were not "in the position of stockholders who may sue in the right of the company, where the latter has refused to do so * * *. They occupy no position in relation to the dairy companies which warrants an appearance here in the latter's behalf; and moreover, there is no allegation of compliance or threatened compliance by the dairies with the Act or order, which would be necessary to justify even stockholders in contesting the validity thereof.

"In the present cases, therefore, we are left to surmise just how the potential imposition of penalties upon the dairies, if they do not comply with the order, will injure the appellees" (producers who filed the suits). "This we cannot do," the Court said. "The judicial power does not extend to the determination of abstract questions * * *. Claims based merely upon assumed potential invasions of rights are not enough to warrant judicial intervention; there must be actual or threatened impairment of rights * * *."

The order regulating the handling of milk in the District of Columbia became effective September 21, 1936. The District Court of the United States for the District of Columbia, acting on bills of complaint filed by a few producers, on November 10, 1936, enjoined operations under the order insofar as these producers were affected. Suspension of the order became effective February 8 pending an appeal.

PAMPHLET DISCUSSES MILK MARKETING PLAN

New Publication Deals With Federal Program for Regulating Handling of Milk

Stabilized conditions under which milk producers can sell their product have become the goal of the dairy industry. The story of the attempt to bring order out of chaos is a story of a growing cooperative relationship among dairymen. This story is told in a new publication, *Stability in Milk Markets*, published in the Marketing Information Series by the Agricultural Adjustment Administration.

Chaos resulted during the transitional period from the simple "producer to consumer" method of distribution to the complex system involving intermediate handlers. At first, dairymen tried through their own efforts to reach the goal of a reasonable price and assurance of a fair share of the market. Then new and unstabilizing factors came into the economic picture of the dairy industry. Dairymen found their own efforts toward achieving stability were not enough. They began to cast about for additional mechanisms to supplement their own efforts and extend the benefits already achieved through cooperatives. Today, milk control boards, established by State laws and Federal authority provided for under the Agricultural Marketing Agreement Act of 1937, are the result.

Efforts Traced

The pamphlet traces the efforts toward stabilizing milk marketing and shows the devices used to attain this end. Under the provisions of the Marketing Agreement Act the Secretary is empowered to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of agricultural products. He is authorized to issue orders applicable to handlers of specified agricultural commodities, including milk and its products. A marketing agreement, when issued by the Secretary after public hearings, applies only to the handlers who have signed the agreement. To make the program applicable to all handlers within the marketing area and therefore more effective, it usually becomes necessary to issue an order which regulates the handling of the milk in the same manner as does the agreement. But before a marketing agreement and order can become effective, the Secretary must determine that a majority of the producers favor the order.

Copies Available

Included in the pamphlet are details concerning the establishment of the price which producers receive for their milk under the agreement and order, and methods whereby the milk sold by producers to distributors in the market may be pooled, and each producer is paid on the basis of the use value of the milk sold.

Copies of this leaflet may be secured by writing to the Division of Marketing and Marketing Agreements, Agricultural Adjustment Administration, Washington, D. C.

F. S. C. C. Buys Canned Peas From Canning Factories in 11 States

The Federal Surplus Commodities Corporation has accepted for purchase 704,741 cases of canned peas from canning factories in 11 States under a program designed to remove price-depressing surplus supplies and make them available for relief use.

Removal of the surplus pack of peas for 1938 is the purpose of the purchase program, in order to keep normal trade channels open, reduce the carry-over and encourage better demand for peas grown in 1938 and better prices to growers in consequence.

The States from which the peas are to be supplied are Wisconsin, Maryland, New Jersey, Virginia, Indiana, Ohio, Pennsylvania, Minnesota, Michigan, Wyoming, and Washington.

Under the program, the Corporation received offers, in terms of No. 2 cans, of a total of 2,643,466 cases of peas. Offers submitted by packers and considered by the Corporation have included all United States grades of canned peas. Acceptances, however, were made of such quantities as the Corporation believed advisable to purchase for immediate distribution to the States for relief use.

The prices for all peas accepted vary according to grades, sieve sizes, types, and production areas and ranged up to a maximum of 77½ cents per dozen for No. 2 cans and to \$3.50 per dozen for No. 10 cans.

Deliveries of the peas accepted are to be made by May 14. Under the provisions of the program, however, packers must deliver 25 percent of the quantity of peas contracted within 30 days beginning February 14. The remaining 75 percent need not be delivered if the packer can supply his affidavit that the peas may be moved into normal market channels.

Onion Set Marketing Agreement Proposal Not to Go Into Effect

A marketing agreement program for onion sets produced in the lower Lake Michigan area, proposed by representatives of growers and shippers of onion sets, cannot be made effective due to lack of necessary support in the industry generally.

The marketing agreement program, proposed by the representatives, was submitted for consideration by all growers and handlers of onion sets in the lower Lake Michigan area of Illinois, Indiana, and Wisconsin following a public hearing at South Holland, Ill., December 28 and 29. Support for the program among the growers and handlers was found insufficient to permit the Secretary of Agriculture to make the proposal effective by issuing a marketing agreement and order under the provisions of the Agricultural Marketing Agreement Act of 1937.

The program proposed to establish a committee of growers and handlers to administer the agreement and order under which shipments of onion sets out of the producing area could be regulated by grades and sizes. It also provided for compilation and distribution of marketing information to growers and handlers and the elimination of the practice of selling onion sets with a guaranty against price decline.